



SJW Group Board of Directors Rejects California Water Service Group's Revised Proposal

Reaffirms Support for Superior, Value-Accretive Combination with Connecticut Water

Combination with Connecticut Water Provides Substantially Greater Benefits for Customers, All Employees and Local Service Area Communities

SJW Stockholders Advised Not to Tender Their Shares to Cal Water

San Jose, CA – August 17, 2018 – SJW Group (NYSE: SJW) today announced that its Board of Directors rejected the revised proposal announced on August 13, 2018, by California Water Service Group (NYSE: CWT) (“Cal Water”) to acquire all outstanding shares of SJW Group common stock for \$70.00 per share in cash, a 2.6% increase (or a 1.9% increase on an enterprise value basis) from Cal Water’s previous offer of \$68.25 per share.

The SJW Group Board concluded, in consultation with external legal and financial advisors, that Cal Water’s revised proposal neither constitutes nor is reasonably likely to lead to a superior proposal under the terms of SJW Group’s amended merger agreement with Connecticut Water Service, Inc. (NASDAQ: CTWS) (“Connecticut Water”), which was announced on August 6, 2018. In addition, the SJW Group Board reaffirmed its recommendation that SJW Group stockholders NOT tender their shares into Cal Water’s current tender offer.

The Board also reaffirmed its support of the transaction through which SJW Group will acquire all outstanding shares of Connecticut Water for \$70.00 per share in cash. As previously announced, the transaction with Connecticut Water has – to date – received express support from SJW Group stockholders representing more than 31% of SJW Group shares outstanding and is expected to close in the first quarter of 2019. SJW Group Chairman, President and Chief Executive Officer Eric Thornburg abstained from voting on Cal Water’s revised proposal due to his ownership of Connecticut Water shares and the all-cash nature of the combination with Connecticut Water.

“All of us on the Board of SJW Group take our fiduciary responsibilities to stockholders seriously and, after a deliberate and thorough review, we have concluded that Cal Water’s revised proposal is neither the most compelling nor the most certain path forward for our stockholders, or for our customers, employees and the communities we serve,” said Robert A. Van Valer, the lead independent director of SJW Group’s Board of Directors and trustee of the Roscoe Moss Jr. Revocable Trust, which is the largest stockholder of the Company. “We remain confident that SJW Group will create more value for our stockholders and deliver greater benefits to all of our stakeholders by proceeding with the immediately and increasingly accretive combination with Connecticut Water.”

In reaching its decision to reject Cal Water’s revised proposal, the SJW Group Board determined that the proposal undervalues SJW Group and limits the value potential for SJW Group stockholders. Cal Water’s revised proposal of \$70.00 per share, even without accounting for any capital gains tax consequence, represents only a nominal one percent increase to SJW Group’s all-time high stock price of \$69.29, which was achieved on a standalone basis less than nine months ago on November 30, 2017, and only a 12.2% increase to SJW Group’s closing stock price on August 13, 2018, the last trading day prior to Cal Water publicly announcing its revised proposal.

Furthermore, the SJW Group Board concluded that moving forward with Cal Water's revised proposal would not permit SJW Group stockholders to share in the benefits that it believes will come from the combination with Connecticut Water, including the opportunity to realize the long-term benefits of increased scale, enhanced financial strength and geographic diversity; the expected continued payment of robust dividends over time; the anticipated higher future growth profile; and significant immediate and increasing earnings accretion. As a result, the SJW Group Board believes that a combination with Connecticut Water is the best value-creation path forward for SJW Group stockholders.

In carrying out its fiduciary duty to consider the offer, the SJW Group Board also considered the likely timeframe for closing of a transaction with Cal Water. In this regard, the Board took into account that Cal Water's revised proposal would be subject to regulatory review by the California Public Utilities Commission, which could take up to 18 months, a period which has not yet commenced. The Connecticut Water combination, on the other hand, is anticipated to close by the first quarter of 2019, at which point SJW Group stockholders are expected to immediately start benefiting from earnings accretion.

Mr. Van Valer continued, "Not much has changed in the terms of Cal Water's revised proposal, other than a nominal percentage bump in price from its previous proposal of \$68.25 per share, and the addition of conditional and uncertain promises to 'consider' addressing a few of our concerns with the previous proposal. Accordingly, our Board remains committed to the more certain and value-creating combination with Connecticut Water."

Compelling Financial and Strategic Benefits of Combination with Connecticut Water

The SJW Group Board continues to believe that SJW Group, as a standalone company executing on its growth and capital expenditure plans, will deliver greater long-term value to its stockholders, even more so in light of the amended merger agreement with Connecticut Water. The Board believes that SJW Group's combination with Connecticut Water will deliver significant immediate value to SJW Group's stockholders, while preserving the upside value in the future of the company. In particular, the transaction with Connecticut Water would result in:

- **The formation of a leading, pure-play and geographically diverse water company**, which on a pro-forma basis will be the third-largest investor-owned water and wastewater utility in the United States based on enterprise value and rate base, and, the Board believes, will have very attractive growth opportunities in the years to come and remain in a position to provide opportunities to employees and deliver safe and reliable water to customers.
- **Highly attractive, stable and increased earnings growth profile.** The combined company is expected to have operating revenue of approximately \$496 million and recurring net income of approximately \$74 million on a 2017 pro forma basis.
- **Immediate EPS accretion** for SJW Group shareholders in 2019 (post-close), increasing each year thereafter to high single digit percentage EPS accretion in 2021.
- **A robust balance sheet that enhances financial flexibility to increase sustained growth in SJW Group's rate base**, continue necessary investments in its water systems and employees and create a stronger, more stable utility enterprise with greater diversification and continued strong operating cash flow and dividends.

- **Continued dividend growth** with a financing mix intended to maintain a strong investment grade credit rating of at least “A-” for the combined company. SJW Group anticipates that it will be able to continue its robust dividend payment trajectory.
- **Low integration risk with an experienced management team** that has over 187 years of combined experience in water utilities, significant expertise in each market the combined company will operate in and a proven track record of integrating numerous smaller acquisitions.

SJW Group’s Board also contends that a combination with Connecticut Water would better position SJW Group to honor its commitments to customers, employees and the local communities which are at the core of its brand and mission of delivering life-sustaining, high-quality water service.

- **Serving local communities with a passionate, dedicated team of locally-based water professionals.** Each of the combined company’s operating utilities and their customers will continue to be supported locally by a team of passionate, dedicated employees and existing leaders. They will bring their extensive certifications, operating experience and local knowledge to the communities they serve.
- **Delivering customer benefits.** The new organization will maintain the longstanding commitments of SJW Group and Connecticut Water to outstanding customer service, which will be enhanced by sharing of best practices, operational expertise and more extensive resources. There will be no change in customer rates as a result of the transaction, and the operating subsidiaries of the combined company will each continue to be subject to oversight by their respective state regulatory commissions for rates and quality of service.
- **Honoring commitments to employees.** Following the close of the transaction, employees will have additional opportunities for career development and geographic mobility as part of a larger, stronger, more diverse organization. Importantly, the combined company has committed that there will be no layoffs as a result of the transaction and does not anticipate any significant changes in employee compensation or benefits packages. SJW Group values its trusted union partnerships, and all union contracts will continue to be honored.
- **Maintaining environmental stewardship.** Environmental stewardship is a core value for both organizations, given the local nature of the water business. Both companies have been industry leaders in their efforts to promote water conservation and protect the valuable lands and water resources that have been entrusted to them. That focus will continue as the combined company seeks to further reduce its environmental footprint and look for opportunities to improve the sustainability of its business practices.
- **Ongoing support of communities.** In addition to retaining dedicated employee teams across its footprint, the new company will maintain strong community ties and participation in community events and organizations. The combined company will continue to focus on supporting economic development with investments in growth, safety and reliability.

SJW Group Board Advises Stockholders NOT to Tender Shares

As noted above, the SJW Group Board continues to recommend that SJW Group stockholders NOT tender their shares to Cal Water's current tender offer. The reasons for the SJW Group Board's recommendation to reject Cal Water's current tender offer are set forth in more detail in a solicitation/recommendation statement on Schedule 14D-9, as amended, which has been filed with the Securities and Exchange Commission ("SEC") and disseminated to stockholders. Copies of the Schedule 14D-9 and solicitation/recommendation statement are available on the SEC's website at www.sec.gov and on SJW Group's website at www.sjwgroup.com. Stockholders may also request additional copies of the Schedule 14D-9 by contacting SJW Group's information agent, Georgeson, toll-free at (866) 357-4029 or by e-mail at SJW@Georgeson.com.

J.P. Morgan Securities LLC is serving as financial advisor to SJW Group, and Skadden, Arps, Slate, Meagher & Flom LLP is legal counsel.

About SJW Group

SJW Group is a publicly traded holding company headquartered in San Jose, California. SJW Group is the parent company of San Jose Water, SJWTX, Inc. and SJW Land Company. Together, San Jose Water and SJWTX, Inc. provide water service to more than one million people in San Jose, California and nearby communities and in Canyon Lake, Texas and the nearby communities. SJW Land Company owns and operates commercial real estate investments.

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Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "projects," "strategy," or "anticipates," or the negative of those words or other comparable terminology.

The accuracy of such statements is subject to a number of risks, uncertainties and assumptions including, but not limited to, the following factors: (1) the risk that the conditions to the closing of the proposed transaction between SJW Group and Connecticut Water may not be satisfied or waived, including the risk that required approvals from the security holders of Connecticut Water to the proposed transaction are not obtained; (2) the risk that the regulatory approvals required for the proposed transaction are not obtained, or that in order to obtain such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the proposed transaction or cause the parties to abandon the proposed transaction; (3) the effect of water, utility, environmental and other governmental policies and regulations; (4) litigation relating to the proposed transaction; (5) uncertainties as to the timing of the consummation of the proposed transaction and the ability of each party to consummate the proposed transaction; (6) risks that the proposed transaction disrupts the current plans and operations of SJW Group or Connecticut Water; (7) the ability of SJW Group and Connecticut Water to retain and hire key personnel; (8) competitive responses to the proposed transaction; (9) unexpected costs, charges or expenses resulting from the proposed transaction,

including, without limitation, related to SJW Group's financing plans in connection with the proposed transaction; (10) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed transaction; (11) the combined company's ability to achieve the growth prospects and synergies expected from the proposed transaction, as well as delays, challenges and expenses associated with integrating SJW Group's and Connecticut Water's existing businesses; and (12) legislative and economic developments. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the proxy statement filed by Connecticut Water in connection with the proposed transaction, and are more fully discussed in SJW Group's quarterly report on Form 10-Q for the period ended June 30, 2018 filed with the U.S. Securities and Exchange Commission (the "SEC") on July 27, 2018 and Connecticut Water's quarterly report on Form 10-Q for the period ended March 31, 2018 filed with the SEC on May 9, 2018.

In addition, actual results are subject to other risks and uncertainties that relate more broadly to SJW Group's overall business, including those more fully described in its filings with the SEC including, without limitation, its annual report on Form 10-K for the fiscal year ended December 31, 2017 and Connecticut Water's overall business and financial condition, including those more fully described in its filings with the SEC including its annual report on Form 10-K for the fiscal year ended December 31, 2017. Forward looking statements are not guarantees of performance, and speak only as of the date made, and none of SJW Group, its management, Connecticut Water or its management undertakes any obligation to update or revise any forward-looking statements except as required by law.

IMPORTANT INFORMATION FOR INVESTORS AND SHAREHOLDERS

In response to the tender offer for all the outstanding shares of common stock of SJW Group commenced by California Water Service Group ("California Water") through its wholly owned subsidiary, Waltz Acquisition Sub, Inc., SJW Group has filed a solicitation/recommendation statement on Schedule 14D-9 with the SEC on June 15, 2018, as amended by that Amendment No. 1 to Schedule 14D-9 filed with the SEC on June 26, 2018 and that Amendment No. 2 to Schedule 14D-9 filed with the SEC on August 9, 2018. Investors and stockholders of SJW Group are urged to read the solicitation/recommendation statement on Schedule 14D-9 and other documents that are filed or will be filed with the SEC carefully and in their entirety because they contain important information. Investors and stockholders of SJW Group may obtain a copy of these documents free of charge at the SEC's website at www.sec.gov. These materials are also available free of charge at SJW Group's investor relations website at https://sjwgroup.com/investor_relations. In addition, copies of these materials may be requested free of charge from SJW Group's information agent, Georgeson LLC, toll-free at (866) 357-4029.

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